

Message Text

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ACTION STR-07

INFO OCT-01 STRE-00 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01
DOE-15 AF-10 ARA-10 EA-10 EUR-12 NEA-11 IO-13
DOEE-00 SSO-00 /167 W
-----052186 091731Z/42

P 091639Z MAY 78

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 9402

INFO AMEMBASSY HELSINKI

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

LIMITED OFFICIAL USE SECTION 01 OF 03 GENEVA 07072

USMTN

ACTION STR PASS ELECTRICALLY

STR PASS CODEL

E.O.11652:N/A

TAGS: MTN, ETRD, SW

SUBJECT: U.S./SWEDEN BILATERAL ON SWEDISH INDUSTRIAL
TARIFF REQUESTS

1. SUMMARY. ON APRIL 27 U.S. MTN DEL (BALE, ST. MAXENS)
MET WITH SWEDISH MTN DEL (LEMMEL ET AL) FOR DISCUSSION OF
SWEDISH INDUSTRIAL TARIFF REQUESTS. SWEDEN REGISTERED
CONCERN/DISAPPOINTMENT WITH U.S. OFFERS ON SPECIALTY
STEEL, GLASS, GLASSWARE, FOOTWEAR, TEXTILES, AND CHEMICALS.
DETAILED ITEM-BY-ITEM REVIEW OF SWEDISH REQUEST LIST
ENSUED, WITH SWEDISH DEL PROVIDING SOME CLARIFICATION OF
INTERESTS. NORWEGIAN AND FINNISH DELS, WHO ATTENDED
EARLY PART OF SESSION, NOTIFIED US THAT THEIR TARIFF
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OFFERS WOULD BE TABLED SOON. END SUMMARY.

2. U.S. DEL OPENED SESSION BY NOTING FOR BENEFIT OF
NORWEGIAN AND FINNISH DELS THAT TWO MONTHS HAVE ELAPSED
SINCE THE TABLING OF OFFERS BY MAJOR MTN PARTICIPANTS BUT
OFFERS FROM THREE FORMULA COUNTRIES STILL REMAIN OUT-
STANDING, INCLUDING NORWAY AND FINLAND. U.S. DEL EMPHASI-

ZED THAT DELAYS PLACED JULY TIMETABLE IN JEOPARDY AND ASKED WHEN WE COULD EXPECT RECEIPT OF OFFERS. NORWEGIAN DEL INDICATED ITS OFFER SHOULD BE READY SOON SINCE "TECHNICALLY" THE OFFER IS ALMOST READY. IN RESPONSE TO OUR QUERY, FINNISH DEL IMPLIED THAT THEY WERE WAITING FOR RECEIPT OF EC WITHDRAWAL LIST BEFORE TABLING THEIR OFFER. U.S. DEL NOTED OUR DISAPPROVAL OF THIS TACTIC, STATING THAT COUNTRIES SHOULD MAKE THEIR INITIAL OFFERS SOLELY ON THE BASIS OF THE WORKING HYPOTHESIS WITH POSSIBLE ALLOWANCES FOR ECONOMIC EXCEPTIONS. THE DELAY ALONE IS A PROBLEM, BUT A CAT-AND-MOUSE GAME WITH THE EC IS PARTICULARLY WORRISOME. COMMENT: FOUR DAYS LATER HAGFORS INFORMED U.S. DEL THAT FINNISH OFFER WOULD BE TRANSMITTED MOMENTARILY. END COMMENT.

3. SWEDISH DEL PREFACED EXAMINATION OF SWEDISH REQUESTS BY NOTING THAT U.S. OFFER WAS SUBSTANTIAL AND A GOOD BASIS FOR NEGOTIATION. BEFORE DELVING INTO ITEM-BY-ITEM REVIEW OF REQUESTS, SWEDISH DEL MADE THE FOLLOWING SECTORAL COMMENTS:

(A) ON CHEMICALS, SWEDISH DEL EXPRESSED UNEASINESS ABOUT THE DELAY IN SPECIFYING THE U.S. OFFER FOR ASP ITEMS AND CONCERN THAT IN THE DISMANTLING OF THE ASP METHOD OF VALUATION THERE MIGHT NOT BE ANY REDUCTION IN THE LEVEL OF PROTECTION. U.S. DEL NOTED THAT ONLY 1.7 LIMITED OFFICIAL USE

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PERCENT OF U.S. IMPORTS FROM SWEDEN WERE SUBJECT TO ASP IN 1976. SWEDISH DEL INDICATED THAT PRIMARY CONCERN IS THAT FAILURE OF U.S. TO REDUCE LEVEL OF PROTECTION IN ASP CHEMICAL ITEMS WOULD DIVERT TRADE TO OTHER COUNTRIES' MARKETS INCLUDING SWEDEN.

(B) SWEDISH DEL STATED THAT U.S. EXCEPTIONS AND OTHER "TO BE SPECIFIED" ITEMS FALL INTO IMPORTANT SWEDISH EXPORT ITEMS, E.G., SPECIALTY STEEL, GLASSWARE, GLASS, FOOTWEAR, AND TEXTILES. SWEDISH DEL FURTHER NOTED THAT U.S. PARTIAL AND FULL EXCEPTIONS ENCOMPASS 75 PERCENT OF THEIR GLASS EXPORTS TO THE U.S., 81 PERCENT OF GLASSWARE EXPORTS, 62 PERCENT OF TEXTILE EXPORTS, AND VIRTUALLY ALL FOOTWEAR EXPORTS. SWEDISH DEL EXPLAINED THAT THESE SECTORS WERE EXTREMELY IMPORTANT IN A REGIONAL CONTEXT, I.E., LOW LEVELS OF ALTERNATIVE EMPLOYMENT. U.S. DEL RESPONDED THAT U.S. FACED SAME SITUATION.

(C) ON STEEL, SWEDISH DEL COMMENTED THAT MANDATORY AND ECONOMIC EXCEPTIONS ON SPECIALTY STEEL (58 PERCENT OF SWEDISH STEEL EXPORTS TO U.S.) MADE U.S. OFFER DIFFI-

CULT FOR SWEDEN DOMESTICALLY. SWEDISH DEL CITED STATISTICS FROM 1977 ANNUAL REPORTS OF U.S. STEEL FIRMS AS EVIDENCE OF IMPROVING ECONOMIC HEALTH OF U.S. INDUSTRY. AS IN LAST TARIFF BILATERAL, SWEDISH DEL ACKNOWLEDGED STATUTORY RESTRICTIONS ON NEGOTIABILITY OF SPECIALTY STEEL ITEMS BUT underscored THEIR INTEREST IN OBTAINING REDUCTIONS ON THESE ITEMS. THEY NOTED THAT THE PRESIDENT IS EMPOWERED TO TERMINATE IMPORT RELIEF AFTER RECEIVING CERTAIN ADVISORY INPUT, AND SUGGESTED THE POSSIBILITY OF DISCONTINUING THE QUOTAS AND PLACING SPECIALTY STEEL UNDER THE TPM. U.S. DEL STATED THAT THE TPM WAS ESTABLISHED TO HANDLE DUMPING MATTERS AND THAT U.S.

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-----106559 151923Z /43/42

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INFO AMEMBASSY HELSINKI
AMEMBASSY OSLO
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C O R R E C T E D C O P Y F O R P A R A 5 S U B J P A R A 7 D E L E T E T W O

SPECIALTY STEEL PROBLEMS STEMMED FROM GENERAL IMPORTS.
SWEDISH DEL AGAIN STRESSED IMPORTANCE OF U.S. MAKING
OFFER ON SPECIALTY STEEL ITEMS AND ASKED THAT THEIR
REQUEST BE FORWARDED TO THE HIGHEST GOVERNMENT LEVELS.

4. U.S. DEL COMMENTED GENERALLY ON SWEDISH REQUEST LIST,
NOTING THAT OF THE 80 ITEMS REQUESTED, 45 WERE CURRENTLY

OFFERED AT FORMULA OR GREATER REDUCTIONS, 18 WERE PARTIAL OR FULL ECONOMIC EXCEPTIONS, AND 17 WERE MANDATORY EXCEPTIONS. ALSO 71 PERCENT OF THEIR REQUESTS FALL INTO TSUS SCHEDULE 6. SWedes STATED THAT THIS WAS THEIR "FIRST" REQUEST LIST (MODIFICATIONS MAY FOLLOW LATER). ITEMS WITHIN THE LIST HAVE NOT BEEN RANKED IN TERMS OF LIMITED OFFICIAL USE

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PRIORITY INTERESTS (OTHER THAN SPECIALTY STEEL), AND THE LIST DOES NOT INCLUDE SWEDISH INTEREST IN "TO BE SPECIFIED"(TBS) ITEMS.

5. IN ITEM-BY-ITEM REVIEW OF SWEDISH REQUESTS, U.S. DEL INDICATED SUPPLIER POSITIONS AND GENERAL BACKGROUND INFORMATION (PARTICULARLY FOR PARTIAL AND FULL EXCEPTIONS) ON EACH ITEM. THE FOLLOWING LIST IDENTIFIES MOST IMPORTANT ITEMS OF INTEREST TO SWEDEN IDENTIFIED IN BILATERAL:

-- SILVA LAMINATED WOODEN VENEER TRAYS (206.98) - THIS EX-OUT REQUEST INVOLVES CERTAIN TRAYS WITH THE BRAND NAME "SILVA"; SWEDEN'S SHARE OF U.S. IMPORTS IN 1976 EQUALS 1 PERCENT OF 5-DIGIT ITEM; (BROCHURES GIVEN TO U.S. DEL WILL BE SENT WITH NEXT AVAILABLE TRAVELER);

-- ROPE, MADE FROM SYNTHETIC FIBERS (316.6020) - SWEDISH DEL INFORMED US THAT THIS IS NOT AN EX-OUT REQUEST. SWEDEN'S MARKET SHARE EQUALS LESS THAN 1 PERCENT;

-- BRASSIERES (376.2445, .2845) - SWedes WILL CONSIDER EX-OUT POSSIBILITY, MAYBE BASED ON SIZE (SIC). SWEDEN'S MARKET SHARE EQUALS LESS THAN 1 PERCENT;

-- ROUND WIRE OF STAINLESS STEEL (609.4510, .4540) - TWO HIGH PRIORITY ITEMS; SWEDEN'S MARKET SHARE EQUALS 41 AND 28 PERCENT, RESPECTIVELY;

-- HOLLOW BARS, OF STAINLESS STEEL (610.5130) - HIGH PRIORITY ITEM; SWEDEN'S MARKET SHARE EQUALS 46 PERCENT;

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-- PLATED OR PLASTIC COVERED TUBES, ETC. (610.37) - DESCRIPTION DOES NOT MATCH TSUS NUMBER, SWEDISH DEL WILL RE-EXAMINE REQUEST;

-- JACK TUBES, ETC. (657.2010, .2015) - EX-OUT
REQUEST, MAIN INTEREST IS IN 657.2015; SWEDEN'S MARKET
SHARE FOR .2015 EQUALS 3 PERCENT;

-- CYLINDERS FOR FIRE EXTINGUISHERS (662.50) -
EX-OUT REQUEST; SWEDEN'S MARKET SHARE EQUALS 1 PERCENT;

-- METAL ROLLING MILLS, ETC. (674.20) - EX-OUT
REQUEST; SWEDEN'S MARKET SHARE EQUALS 20 PERCENT;

-- SPARE PARTS FOR HYDRAULIC PRESSES (674.5320) -
EX-OUT REQUEST; SWEDEN'S MARKET SHARE EQUALS 1 PERCENT;

-- ACCESSORIES FOR WOOD-WORKING MACHINERY (674.56) -
EX-OUT REQUEST; SWEDEN'S MARKET SHARE EQUALS 1 PERCENT;

-- BIOLOGICAL TOILETS (678.50) - AN EX-OUT REQUEST
(BROCHURES PROVIDED); SWEDEN'S MARKET SHARE EQUALS 1
PERCENT;

-- TRUCKS VALUED AT \$1,000 OR MORE (692.02) -
INTERESTED IN REMOVAL OF CHICKEN WAR DUTY OF 25 PERCENT
AD VALOREM; NO IMPORTS FROM SWEDEN IN 1976;

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P 091639Z MAY 78
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-- TRUCKS VALUED AT \$1,000 OR MORE (692.02) -
INTERESTED IN REMOVAL OF CHICKEN WAR DUTY OF 25 PERCENT
AD VALOREM; NO IMPORTS FROM SWEDEN IN 1976;

-- WOODEN CLOGS (700.83) - QUESTIONED U.S. NEED FOR
MANDATORY EXCEPTION; SWEDEN'S MARKET SHARE EQUALS 17
PERCENT;

-- RESPIRATORS (709.45) - KEEN INTEREST; SWEDEN'S
MARKET SHARE EQUALS 7 PERCENT;

-- INSTRUMENTS FOR NONDESTRUCTIVE TESTING OF
FERROUS AND NONFERROUS PRODUCTS (712.49) - AN EX-OUT
REQUEST, MAY BE SATISFIED WITH ROUNDING OF CURRENT
OFFER DOWN TO 5.5 PERCENT; SWEDEN'S MARKET SHARE EQUALS
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3 PERCENT;

-- CHAIRS, WOOD (727.30) - MAIN INTEREST IS IN
727.3040, SWEDISH INDUSTRY (LIKE U.S.) HAS LOST MARKET
SHARE FROM GSP IMPLEMENTATION; SWEDEN'S MARKET SHARE
EQUALS 1 PERCENT.

SWEDISH DEL ALSO NOTED THAT A REQUEST FOR FURTHER TARIFF
REDUCTIONS ON PRECISION AMMUNITION MAY BE FORTHCOMING.

6. ANOTHER BILATERAL SESSION WAS TENTATIVELY SCHEDULED
FOR MAY 12, AT WHICH TIME U.S. DEL WILL REVIEW U.S.
INDUSTRIAL TARIFF REQUESTS TO SWEDEN, PROVIDED OF COURSE
SUCH REQUESTS ARE RECEIVED FROM WASHINGTON IN NEAR FUTURE.

7. DRAFTED BY ST. MAXENS. MCDONALD

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Message Attributes

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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
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Message ID: 509e2aa2-c288-dd11-92da-001cc4696bcc
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Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2754847
Secure: OPEN
Status: NATIVE
Subject: U.S./SWEDEN BILATERAL ON SWEDISH INDUSTRIAL TARIFF REQUESTS
TAGS: ETRD, SW, US, MTN
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/509e2aa2-c288-dd11-92da-001cc4696bcc
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